GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Infrastructure & Investment Department – Development of Ramayapatnam Port, SPSR Nellore District – Revised Administrative Sanction for the Phase-1 works towards development of Ramayapatnam Non-Major Port through RPDCL under the overall supervision of APMB, pursuant to the approval of revised DPR – Approval for revised Government Guarantee to an amount of Rs.3938.10 crore for the loan to be taken from Power Finance Corporation (PFC) - Orders – Issued.

INFRASTRUCTURE & INVESTMENTS (PORTS-I) DEPARTMENT

G.O.Ms.No.6 Dated:16.02.2024

Read the following:

1)G.O.Ms.No.2, I&I(Ports.I) Dept. dated 15.06.2020
2)G.O.Ms.No.2, I&I(Ports) Dept. dated 10.03.2022
3)G.O.Rt.No.8, I&I(Ports) Dept. dated 09.03.2021
4)From the CEO, APMB Lr.No.ENE04-12/39/2023,MD-APMB, dt.27.10.2023
5)Remarks of CEO, APMB in e-office file No. 1655858.
6)Govt. Memo No.INI01-PORT/88/2021, DT.08.01.2024
7) From the CEO, APMB Lr.No.ENE04-12/39/2023,MD-APMB, dt.23.01.2024

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ORDER:

In the reference 1st read above, Government have approved the DPR prepared by RITES towards development of Ramayapatnam Non-Major Port under land lord model through Ramayapatnam Port Development Corporation Limited (RPDCL) under the overall supervision of APMB and accorded Administrative Sanction to take up phase-1 works with total project cost of Rs.3736.14 Cr with completion period of 36 months and Government have permitted the Andhra Pradesh Maritime Board (APMB) to raise debt of Rs.2079 crores with appropriate support of State Government.

2. In the reference 2nd read above, Government have approved to provide State Government Guarantee, for the loans to be obtained by Andhra Pradesh Maritime Board (APMB) for implementing the three (3) green feld port projects Ramayapatnam, Bhavanapadu (Mulapeta) & Machilipatnam to an extent of Rs.8,741.00 crores for the above component which includes a debt of Rs.2,079 crores for Ramayapatnam Port) with Govt Guarantee at a Debt:Equity ratio of 70:30.

3. In the reference 3rd read above, Government have constituted Committees to oversee the Projects in Ports & Fishing Harbours under EPC system taken by the Andhra Pradesh Maritime Board.

4. In the reference 4th read above, the CEO, APMB, requested the Government in Finance Department to execute the Government guarantee for the increased loan amount of Rs 3938.10 Cr sanctioned by Power Finance Corporation by considering the revised project cost of Rs 4,922.62 Crores assessed by PFC, against the previous Govt. orders i.e permission granted to APMB for 2,079 crores only vide GO MS No.02 I&I (Ports) dated 10.03.2022.

5. Subsequent to the remarks of the CEO, APMB in the reference 5th read above, vide reference 6th read above, Government permitted the CEO, AP Maritime Board to review and process for approval of revised DPR and the increase in costs in Ramayapatnam Port Project with the Committee constituted as per G.O. 3rd read above.

6. In the reference 7th read above, the CEO, APMB has submitted that Ramayapatnam Port Development Corporation Limited (RPDCL) has engaged the services of M/S RITES (the original DPR consultant) to update and revise the DPR with revised costs, considering the revised project requirements in view of the amended EC for 34.04 MTPA, latest cost estimates as well as considering own operations Model. The Revised DPR and the revised Project cost prepared by M/S RITES and the need for the revision as well as its approval have been placed before the Technical Committee and the Committee in its first meeting, have recommended to exclude contingencies for approval of the Project Cost, based on the information furnished as on that date. In view of the removal of the contingencies, discussions were held by APMB with all concerned section heads in the Department and the more accurate figures were assessed and accordingly, the project cost is re-assessed without provisioning for any contingencies. Accordingly, the revised Project cost {considering the actual expenditure that is incurred and to be incurred along with a comparative statement} prepared comparing with old DPR, previous Admin sanction and proposed revised admin sanction {without considering the contingencies} and project cost, thus worked out as Rs.4923.39 Cr, were placed before the Technical Committee and the TC has reviewed the Revised Detailed Project Report (DPR) and revised project cost under various components comparing with old DPR and Administrative sanction and recommended the revised project cost of Rs.4923.39 Cr excluding contingencies to cater to the latest project expenditure and further requirements as against the Project cost assessed by Power Finance Corporation at Rs 4922. 62 Cr.

7. With regard to the requirement of revised Govt. guarantee for the loan to be taken from Power Finance Corporation, the CEO, APMB has submitted that due to the own operations model envisaged for the port, the financial projections of the port have improved and the project became financially viable even at a high Debt to equity ratio of 80:20. Thus, PFC has sanctioned the loan for an amount of Rs. 3938.10 Cr, considering the revised Project cost and the own operations model, at 80:20 Debt:Equity ratio.

8. Thus, the CEO, APMB has requested the Government to accord approval for revised DPR and subsequently, revised administrative sanction for the revised project cost of Rs.4923.39 Cr, as recommended by Technical Committee, for the Phase-1 works towards development of Ramayapatnam Non-Major Port under land lord model through Ramayapatnam Port Development Corporation Limited (RPDCL) under the overall supervision of APMB. Upon approval of Revised DPR, CEO, APMB has requested to accord revised administrative sanction for the revised Project Cost of Rs.4923.39 Cr and further, the CEO, APMB has requested the Government in Finance Department to execute the Government guarantee for the loan amount of Rs 3938.10 Cr sanctioned by Power Finance Corporation to RPDCL, against the previous Govt. orders i.e permission granted to APMB for 2,079 crores only vide GO MS No.02 I&I (Ports) dated 10.03.2022.

9. Government after careful examination of the matter hereby approve the revised DPR prepared by M/s. RITES towards development of Ramayyapatnam Non-Major Port in SPSR Nellore District through Ramayapatnam Port Development Corporation Limited (RPDCL) under the overall supervision of Andhra Pradesh Maritime Board and hereby accord revised administrative sanction to take up Phase-1 works with total project cost of Rs.4929.39 crores as recommended by the Technical Committee (as against the total project cost of Rs.3736.14 Cr sanctioned vide ref-1.

10. Further, Government hereby extended revised Government Guarantee to AP Maritime Board (APMB) for the loan amount of Rs.3938.10 crore from Power Finance

Corporation (PFC) for development of Ramayapatnam Port, against the previous Govt. orders i.e permission granted to APMB for 2,079 crores only vide GO 2nd read above, subject to the following conditions:

a. The servicing of the loan contracted shall be made by the AP Maritime Board strictly from their internal resources, and without any recourse to government/budgetary support, neither now nor in the future.

b. The 1st charge upon the resources of the AP Maritime Board (APMB) shall be for the servicing of the Power Finance Corporation (PFC).

c. The AP Maritime Board shall put in place a robust mechanism to ensure that sufficient amounts are always maintained to service the loan (both principal & interest) from their internal resources to avoid the contingency of requiring budgetary support for loan servicing.

d. The AP Maritime Board shall plan the drawal of loans from the Power Finance Corporation only to the extent of having clear visibility of their internal resources & ability to repay the loans, as per the terms and conditions of Power Finance Corporation, without dependence upon government / budgetary support for the loan servicing.

e. The CEO, AP Maritime Board shall monitor & implement the smooth operation of the above arrangement and shall be held responsible for any deviation

11. The Chief Executive Officer, A.P. Maritime Board shall take necessary action accordingly.

12. This order issues with the concurrence of Finance Department, vide their U.O.No.FIN01-FMU0PC(IIE)/3/2023-FMU-IC-IIE, dated 05.02.2024.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N.YUVARAJ
SPECIAL CHIEF SECRETARY TO GOVERNMENT(FAC)

To
The Chief Executive Officer, Andhra Pradesh Maritime Board
The Managing Director, Ramayapatnam Port Development Corporation Ltd (RPDCL)
The District Collector, SPSR Nellore District.
The Prl.Accountant General (Audit.I) A.P.,Vijayawada
The Director of Treasuries & Accounts,Andhra Pradesh.
The Director, Works & Accounts, AP
The District Treasury Officer, SPSR Nellore District.
Copy to:
The Secretary, Ministry of Ports, Shipping & Waterways, GoI, New Delhi.
The OSD to Special Chief Secretary to Hon'ble CM
The PS to Hon'ble Minister (I&I) Dept.
The PS to Chief Secretary, Andhra Pradesh.
The Finance (FMU-ENERGY&I&I) Dept.
The GA(Cabinet) Dept., Secretariat, AP., Velagapudi
The PS to Special Chief Secretary to Govt.I&I Dept.

//FORWARDED :: BY ORDER//

B. Venkateswarlu
SECTION OFFICER